

## Message Text

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PAGE 01 STATE 012344  
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APPROVED BY EUR - ARTHUR A. HARTMAN  
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-----191323Z 096268 /14

R 190202Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LISBON

C O N F I D E N T I A L STATE 012344

EYES ONLY FOR THE AMBASSADOR FROM HARTMAN

E.O. 11652: GDS

TAGS: EAID, EEC, PO

SUBJECT: FINANCIAL ASSISTANCE AND SOARES' VISIT TO  
EC COUNTRIES

REF: LISBON 474

1. THEMIDO'S ACCOUNT OF MY REMARKS MISSES THE POINT. I  
WAS TRYING TO SUGGEST THAT WHILE SOARES SHOULD RPT SHOULD  
PRESENT EC MEMBERSHIP AS PORTUGAL'S LONG-TERM OBJECTIVE,  
HE COULD NOT OVERLOOK PORTUGAL'S IMMEDIATE ECONOMIC NEEDS,  
WHICH UNFORTUNATELY BUT UNAVOIDABLY ENCUMBER ITS APPLICAT-  
ION IN THE NEAR-TERM. THERE IS NO OBVIOUS CONTRADICTION  
BETWEEN THE TWO. THE NEED FOR EC CONTRIBUTIONS TO THE  
CONSORTIUM (AND THE BRIGADE) REFLECT TODAY'S ECONOMIC  
IMPERATIVES. THE APPLICATION FOR EC MEMBERSHIP IMPLIES  
AN EC-LEVEL ECONOMY BEFORE LONG. TO EMPHASIZE THE LATTER  
WHILE IGNORING THE FORMER WOULD DO HARM TO BOTH DESIRES.  
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AND THAT WAS WHAT I WAS SUGGESTING TO THEMIDO.

2. AS FOR THE BIS FUTURE GOLD SALES ARRANGEMENT, TREASURY  
STILL EXPECTS TO PERSUADE THE BIS TO TAKE ON THE JOB,  
ALTHOUGH WE STILL DO NOT HAVE A REPORT FROM YEO. IF,  
DESPITE YEO'S EFFORTS, THE BIS REFUSES, SOME POSSIBLE  
ALTERNATIVE AGENTS ARE ROTHSCHILD OF LONDON, THE THREE

PRINCIPAL SWISS PRIVATE BANKS (UNION BANK OF SWITZERLAND; SWISS CREDIT BANK; SWISS BANCOR CORPORATION), AND ANY ONE OF FOUR PRIVATE U.S. FIRMS THAT SPECIALIZE IN GOLD TRANSACTIONS (SUCH AS THE RHODE ISLAND HOSPITAL TRUST). YOU SHOULD BE AWARE THAT IN FUTURE GOLD SALES CONTRACTS IT IS THE BUYER -- NOT RPT NOT THE SELLER -- WHO BEARS THE COSTS. THE BUYER PAYS THE CURRENT PRICE PLUS INTEREST AT THE PRIME RATE FOR THE PERIOD BETWEEN THE EXECUTION OF THE CONTRACT FOR THE SALE AND THE DATE WHEN DELIVERY OF THE GOLD IS TO BE MADE. HENCE, AS SELLER, PORTUGAL SHOULD BE ABLE TO COMMAND A GOOD PRICE WITHOUT ANY ONEROUS FINANCIAL COSTS.

3. ON THE IMF FRONT, I UNDERSTAND THAT THE LEADER OF THE IMF TEAM, DUFONTENAY, HAS ARRANGED TO RETURN TO LISBON JANUARY 19 FOR DISCUSSIONS WITH THE PORTUGUESE ON THE 19TH AND 20TH. I ALSO UNDERSTAND THAT DUFONTENAY HAS MADE ARRANGEMENTS TO GIVE FERRER A FULL DEBRIEFING ON THE EVENING OF THURSDAY, JANUARY 20. DUFONTENAY HAS TOLD TREASURY THAT HE IS STILL OPEN TO PORTUGUESE INSISTENCE ON NEGOTIATION NOW OF A SECOND TRANCHE DRAWING. I HOPE THE PORTUGUESE WILL PUT THEIR CASE TO HIM STRONGLY.

4. ON THE MULTILATERAL CONSORTIUM, THE PRESIDENT HAS TRANSMITTED TO THE CONGRESS THE FY 1977 SUPPLEMENTAL REQUESTS FOR \$300 MILLION TO PERMIT U.S. PARTICIPATION. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
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**Concepts:** ECONOMIC ASSISTANCE, HEAD OF GOVERNMENT VISITS, FINANCIAL PROGRAMS, RELATIONS WITH REGIONAL ORGS  
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**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**To:** LISBON  
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